

Congresswoman Cathy McMorris Rodgers
Questions for the Record
Hearing: Strengthening Worker Retirement Security
February 24, 2009

1) Ms. Munnell, on page four of your testimony you advocate for an additional tier of retirement savings to support 20 percent of a retirees income. You suggest that this be modeled after the Thrift Savings Plan (TSP) that all federal workers, all Members of Congress and their staff are in. Furthermore you state "participation should be mandatory; participants should have no access to [the] money before retirement." Could you tell the committee where the money would come for these new accounts? Does the government fund it or does the individual make contributions?

If it is the individual who makes the contributions, can you tell me where they are supposed to come up with this extra money? In 2006 the average per capita income in Washington State was \$38,067. Please tell the committee how much you believe should someone in Washington State making \$38,067 be required to contribute?

Or if it is the government, do you have any estimates for how much this will cost the taxpayer? What are your recommendations for Congress for where we should raise this funding?

2) Ms. Munnell, you advocate for a mandatory TSP program for all. Now I can tell you that my TSP account has taken a similar hit in the last year along the lines of what you describe for 401(k)s. If we could go back in time and make your proposal law how would be any better off today, other than folks having less money in their paychecks for these mandatory contributions? If yes please quantify how much more money a contributor would have in an account invested in Vanguard 401(k) S&P 500 fund and the government's S&P 500 "C" fund?

3) Mr. Baker, on page five of your testimony you describe your proposal modeled on the TSP program as voluntary and on page six give examples of the benefits that can be received. Ms. Munnell's testimony describes how low the balances of 401Ks are today for folks near retirement. Tell me how many people making the \$30,000 you give in your example do you believe will volunteer to have contributions taken out of their paychecks even if the government could afford a small match to the contribution?

4) Mr. Bogle, in on page 15 of your testimony you outline a new defined contribution retirement system. Tell me if we had this system in place five years ago could such a board know about the home mortgage collapse? If we were discussing the safety of mortgage backed securities five years ago would you have testified that they are a high risk or low risk investment? Would it not follow that there are real risks even for what may be considered today to be a conservative investment?

5) Mr. Bogle, on page 15 of your testimony you state “For those who have the financial ability to save for retirement, there would be a single DC structure, dominated...” What about those who are unable to save for retirement?

6) Mr. Bogle, are you proposing that 401(k)s, IRA’s the government TSP program, and any retirement saving plans with tax incentives be abolished for this single Federal retirement system under this Federal Retirement Board?

7) Mr. Bogle, if one can save for retirement, would the only way to do so that would get tax benefit would be through this new Federal Retirement System under the proposal you are advocating?

8) Mr. Bogle, it seems that you are making the argument that since some people can make the wrong investment decisions for retirement that no one should be able to have a real control over how their money should be invested in the future. Is that correct?

9) Mr. Bogle, you propose a Federal Retirement Board; I would imagine that such a board would have control over trillions of dollars for investment. What could be done to ensure that these savings would not be invested to further any political agenda and only ensure a decent return for the potential retiree?